Plant is carried on the balance sheet of the promoter. Merchant Power Plants can be set up only with the support of the State governments where the plants are proposed to be located since the land, water and other infrastructure facilities required for the power plant need to be provided by the State Government. While this initiative is still at a nascent stage, its success, however, would, to a great extent, depend on availability of reliable data and information for plant sites and other inputs so that the developers then can take further appropriate action to set up Merchant Power Plants.

(b) It is envisaged that MPPs would sell power to bulk consumers/ distribution utilities through short term contracts. For transmission, they would need to seek open access in transmission by applying to the CTU/ STU for connectivity with the regional grid/State grid. The Merchant plants selling their power through interconnection with the regional/State grid would form part of the national grid network.

(c) Unlike traditional utilities, Merchant Power Plants compete for customers and absorb the full market risk. There are no guarantees that they have a minimum off-take of their output. Typically the risk of a Merchant Power Plant is carried on the balance sheet of the promoter. The tariff for the merchant Plants would be market determined depending upon the grid conditions and the requirements that they meet. These plants would normally not enter into long term Power Purchase Agreements (PPA). Since these plants do not carry any long term purchase obligations on the part of the buyers, they would essentially have to arrive at market determined tariffs acceptable to the buyers.

Further, the National Electricity Policy and the Tariff Policy state that consumers below poverty line who consume below a specified level, say 30 units per month, may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

Evaluation of Ultra Mega Power Projects

†2205. SHRI MAHENDRA SAHNI: Will the Minister of POWER be pleased to state:

(a) whether Government have completed the primary study with regard to identification of ultra mega projects to be set up in future;

†Original notice of the question was received in Hindi.

(b) if so, the details of the projects evaluated so far; and

(c) the number of such projects which have become operational along with the location thereof?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) to (c) Central Electricity Authority has identified nine possible sites for development of coal based ultra mega power projects of about 4000 MW capacity each under tariff based competitive bidding. Under the initiative, following sites have been identified and are under various stages of development:

(i) Sasan, Madhya Pradesh.

(ii) Mundra, Gujarat.

(iii) Krishnapatnam, Andhra Pradesh.

(iv) Akaltara, Chhattisgarh.

(v) Tadri, Karnataka.

(vi) Girye, Maharashtra.

(vii) Sundergarh, Orissa.

(viii) Cheyyur, Tamil Nadu.

(ix) Tilaiya, Jharkhand.

Bidding process in respect of four projects *i.e.* Sasan, Mundra, Krishnapatnam and Tilaiya has already been initiated.

Power shortage in Karnataka

2206. SHRIMATI PREMA CARIAPPA: Will the Minister of POWER be pleased to state:

(a) whether there is acute shortage of power in Karnataka;

(b) if so, the details thereof; and

(c) the details of power projects being run with the World Bank assistance in Karnataka for the last three years?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) and (b) Karnataka faced energy shortage of 1.9% and peak shortage of 7.6%